

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



**FISCAL NOTE**

**SB 38 – HB 1566**

February 22, 2011

**SUMMARY OF BILL:** Specifies that no registration fee will be imposed for the first vehicle registered for a special purpose license plate issued to enlisted members of the National Guard, cultural license plates issued to active members of the United States military and military reserves, license plates issued to the Tennessee State Guard, and the United States reserve forces. Authorizes a discharged member to retain a paid plate until the registration period expires; discharged persons are required to surrender free plates upon discharge.

**ESTIMATED FISCAL IMPACT:**

**Decrease State Revenue -**      **\$632,000/Recurring/FY11-12/Highway Fund**  
   **\$12,900/Recurring/FY11-12/General Fund**  
   **\$663,600/Recurring/FY12-13 and Subsequent**  
   **Years/Highway Fund**  
   **\$13,600/Recurring/FY12-13/General Fund**

**Increase State Expenditures -** **\$127,500/One-Time/General Fund/FY11-12**  
   **\$6,400/One-Time/General Fund/FY12-13**

Assumptions:

- All eligible members will choose to receive their first plate free.
- According to the Department of Revenue, in FY11-12 the number of free plates will include 19,707 military plates, 9,450 reservist plates, and 840 Tennessee Guard plates totaling 29,997 eligible plates.
- The number of plates issued will increase by five percent each year.
- Twelve new plate classes will be established as a result of the bill. Each plate is manufactured and processed at a cost of \$4.25. The base registration cost of each plate is \$21.50.
- In FY11-12, an estimated 29,997 new metal plates will be manufactured and processed resulting in a one-time increase in state expenditures of \$127,487 for production cost (29,997 plates x \$4.25) and a recurring decrease in state revenue of \$644,936 from the loss of registration fees (29,997 plates x \$21.50 base registration).

**SB 38 – HB 1566**

- In FY12-13 an estimated 1,500 new metal plates will be manufactured and processed at a one-time increase in state expenditures of \$6,375 for production cost (1,500 plates x \$4.25) and a recurring decrease in state revenue of \$677,186 from the loss of registration fees (31,497 plates x \$21.50 base registration).
- For apportionment purposes, the decrease in state revenue will be split between the General Fund (two percent) and the Highway Fund (98 percent). The increase in state expenditures for production costs are from the General Fund.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

/rct